BEFORE THE FEDERAL COMMUNICATION COMMISSION WASHINGTON, D.C. 20054

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In the matter of Application for Consent to The Transfer of Control of Licenses and Section 214 Authorizations from		FCC MAIL ROOM		
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)	CC Docket No. 98-141	
AME	RITECH CORPORATION)		
	Transferor)		
To)		
SBC	COMMUNICATIONS INC.,)		
	Transferee)		
	OMMENTS OF THE EDGEMON FOUNDATION, APPALACE COMMUNITY TECHNOLOGY ON SBC/AMERITE	HAN PEOPLE'S INSTITUTE (TH	ACTION COALITION IE LOW INCOME COALITION)	
I. II. III. IV. V. VI.	Introduction & Summary of Position. Expanding Telephone Penetration and Access			
Attac	hments:			
	1.	Ameritech OhicPUCO OpinionUSA Progress IOhio SBC/AmeCalifornia Com"Falling throug Divide", Introd Article	o May, 20, 1996 Settlement and Order on USA Failures Report, June 30, 1999 eritech Merger Stipulation amunity Partnership Agreement the Net: Defining the Digital auction, Executive Summary and sess of Community Computer	
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I. Introduction & Summary of Position

The Edgemont Neighborhood Coalition¹, Benton Foundation², Appalachian People's Action Coalition³ and the Community Technology Institute⁴ (together, the Low Income

The Benton Foundation's Communications Policy Project is a nonpartisan initiative to strengthen public interest efforts in shaping the emerging National Information Infrastructure (NII). It is Benton's conviction that the vigorous participation of the nonprofit sector in policy debates, regulatory processes and demonstration projects will help realize the public interest potential of the NII. Current emphases of Benton's research include extending universal service in the digital age; the future of public service in the new media environment; the implications of new networking tools for civic participation and public dialogue; the roles of states as laboratories for policy development; and the ways in which noncommercial applications and services are being developed through new telecommunications and information tools.

¹ The Edgemont Neighborhood Coalition (Edgement) works to improve educational and economic opportunity in Edgemont, a low income African-American neighborhood in Dayton, Ohio. The Edgemont Coalition has for a number of years, attempted to ensure that low income communities, like Edgemont, benefit from the changes brought about by the Telecommunications Act of 1996. Edgemont previously filed comments with the FCC on the SBC/Ameritech merger and participated in the SBC/Ameritech merger approval case before the Public Utilities Commission of Ohio (PUCO). Edgemont took the lead in negotiating the low income sections of the Ohio stipulation, which became the basis of the PUCO order approving the SBC/Ameritech merger in Ohio. Edgemont has also been a member of the USA Advisory Committee since its inception and chaired that committee for two years.

² The Benton Foundation (Benton) believes that communications in the public interest, including the effort to connect all Americans to basic communications systems, is essential to a strong democracy. Benton's mission is to realize the social benefits made possible by the public interest use of communications. Benton bridges the worlds of philanthropy, community practice, and public policy. It develops and provides effective information and communication tools and strategies to equip and engage individuals and organizations in the emerging digital communications environment.

³ The Appalachian People's Action Coalition (APAC) is a nonprofit community organization located in rural southeastern (Appalachian) Ohio. The group is compromised of nearly 400 mostly low-income residents of Athens and surrounding counties, who have associated in order to address the issues of poverty, joblessness, economic development, and inadequacy of educational opportunities in rural southeastern Ohio. In addition to being a community organization, APAC functions as a small business, operating an office and furniture thrift store in The Plains, Ohio. APAC has intervened in a number of telecommunications cases in Ohio.

⁴ Community Technology Institute (CTI) is a national non-profit that develops and promotes telecommunications and other innovative technologies to relieve human suffering and facilitate the delivery of Human Services. CTI's Community Voice MailTM program won a Harvard-Ford Foundation Innovations Award in 1993.

CTI helps communities replicate Community Voice Mail by, providing technical and community organizing assistance, donating equipment from leading American manufacturers of voice processing systems that has been customized for human service applications and, installing Community Voice Mail systems, training staff, and providing on-going technical support.

Community Technology Institute also supports the Community Voice Mail Federation, the only organized voice and operating model for universal access to telecommunications for poor people in this country. CTI leads this collective to demonstrate best practices for public policy makers and the telecommunications industry, to test and

Coalition), appreciate the opportunity to file these comments on SBC/Ameritech's July 1, 1999 proposed conditions. Edgemont and Benton previously filed comments on this matter in April 1999, in response to Chairman Kennard's letter. In those comments we argued that a larger company with a greater geographic reach, more competitive activities and a greater distance between headquarters and most low income communities would be less likely to focus on or be responsive to the needs of those communities for increased telephone penetration and for advanced telecommunication technology, infrastructure and training. We proposed conditions that we thought would mitigate the digital divide, stop redlining and increase telephone subscribership.

We are pleased to see that SBC/Ameritech's proposal appears to recognize the need for steps to stop redlining and increase telephone penetration. Unfortunately, the specific anti-redlining and the enhanced lifeline proposals are so seriously flawed that the value of each is in doubt. As written, they are little more than window dressing, extending some public interest cover to these companies without doing anything substantive to address the very real problems they purport to address.

Further, we are disappointed that no proposals were made by SBC/Ameritech to ameliorate the impact of the digital divide through the funding of community technology centers and related institutions. This is particularly surprising since SBC/Ameritech just signed an agreement in Ohio which recognizes the importance of such funding. This omission is particularly glaring in light of the just published NTIA report, "Falling Through the Net: Defining the Digital Divide", which shows that the digital divide is deepening in many respects.

exchange new applications, to measure and compare community impact and benefit, to educate the public on using technology to solve human problems, and to guide scores of future replications across the country.

From the perspective of low income customers and communities the proposed conditions, as presently written, are an opportunity missed to increase telephone penetration, ensure investment equity, and narrow the digital divide. Below, we elaborate on each of our concerns:

II. Expanding Telephone Penetration and Access

A. Enhanced Lifeline

Section XX, Enhanced Lifeline Services, paragraph 60, requires SBC/Ameritech to offer each Commission in the SBC/Ameritech states an "enhanced lifeline program" with terms and conditions comparable to the terms and conditions of the Ohio Universal Service Assistance ("USA") plan, "in the areas of subscriber eligibility, discounts, and eligible services."

The USA program in Ohio, however, provides for many things beyond "eligibility, discounts, and eligible services". In fact, to the extent the program is beginning to be effective it is because of very specific agreed upon or Commission mandated requirements that Ameritech;

- a) Spend at least \$122,000 per year publicizing the program, employ marketing professionals and develop and implement a comprehensive marketing plan.
- b) Automatically enroll all those who are eligible in the USA program.
- c) Report on the program's progress and work with an advisory committee. The committee is composed of consumer and low income representatives, Public Utilities Commission of Ohio (PUCO) staff and company representatives. It monitors the program and advises on ways to increase effectiveness.
- d) Provide adequate staffing to handle surges in USA calls resulting from increased publicity.
- e) Provide a dedicated 800 toll free number for USA enrollment and a dedicated workgroup to handle those calls and enroll applicants.

- f) Promote the program on Ameritech bills and offer reasonable repayment plans for local arrearages to USA applicants.
- g) Employ community organizations to engage in grassroots outreach.
- h) Use self-verification of eligibility while establishing an on-line eligibility verification process.
- Carry out mass mailings in cooperation with the agencies that administer qualifying benefits program to those who receive benefits.
- j) Provide written applications and other promotional materials for use by social workers and others.
- k) Install USA direct telephones in welfare department waiting rooms throughout the service territory.
- 1) Provide a USA message on the VRU menu heard by callers to the business office.

These are just some of the elements of the USA plan as it is in effect today. The entire plan is found not only in the September 20, 1994 agreement establishing Ameritech's USA program which SBC/Ameritech reference in their proposal (Attachment 1, which is Exhibit G of that settlement), but also in a settlement agreement in PUCO Case No. 96-532-TP-UNC, *In the Matter of the Implementation of Substitute Senate Bill 306*, May 20, 1996 (Attachment 2), and in a PUCO Opinion and Order in Case No. 93-487-TP-ALT, *In the Matter of the Application of the Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation*, December 30, 1998 (Attachment 3).

By limiting SBC/Ameritech's obligation to the "subscriber eligibility, discounts and eligible services" part of the USA program, the FCC would allow SBC/Ameritech to offer a program that is stripped of most of the features that are making it effective.

Indeed, experience in Ohio has shown that in the absence of very specific enrollment goals or equally specific requirements to promote the program, facilitate enrollment, and automatically enroll people who are categorically eligible, the program will languish or worse.

Even the little that SBC/Ameritech is offering in this proceeding all but evaporates on closer inspection. For instance, USA eligibility is presently identical to the FCC's lifeline/link-up eligibility with the sole addition of two very small Ohio specific programs - Ohio Energy Credits and Disability Assistance (Participants in Ohio Works First, formerly AFDC, are also eligible but this population overlaps entirely with food stamps and medicaid, programs included in FCC's lifeline). The offer to adopt USA eligibility is hardly an enhancement of lifeline and link-up.

With regard to "eligible services", USA Plan 1 which uses a company contribution to offer a \$10.20 monthly discount, does not allow customers to take extra services like call waiting unless they have a medical need. The FCC's link-up and lifeline programs contain no such restriction. Experience in Ohio has shown that many low income customers want call waiting since they tend to have more generations living under the same roof and have less access to a telephone at work. If the Company is proposing to impose USA Plan 1 service limitations then, far from being an enhancement, it is a restriction on what is presently available.

Indeed, the only real enhancement in SBC/Ameritech's proposal is the offer to adopt the USA discount. Ironically, in the absence of an enrollment goal or the requirement that SBC/Ameritech promote the program and facilitate enrollment, Ameritech/SBC will respond to this financial commitment in a perfectly logical way, just as Ameritech did in Ohio. It will make it hard to find out about the programs and even harder to enroll in them.

Ameritech's resistance to implementing USA effectively in Ohio has been extensively documented and litigated. That litigation resulted in an order from the Ohio Commission ordering Ameritech to cease its resistance and to do those things that are necessary to operate an effective lifeline program. PUCO Case No. 93-487-TP-ALT, Opinion and Order, *In the Matter of the Application of the Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation*, December 30, 1998 (Attachment 3).

The history of USA can be summarized briefly. On September 20, 1994, the company and consumer parties signed an agreement establishing the USA program. The PUCO adopted the agreement. The company did little to implement the program. The advisory committee composed of consumer and company representatives and PUCO staff documented this inaction. On May 20, 1996 the company and consumer parties signed a second agreement which enhanced the USA program by requiring the company to spend at least \$122,000 per year promoting the program, establish reasonable repayment plans for arrearages and set up an 800 number and dedicated workgroup. The Company continued to resist, so on September 4, 1997 Edgemont and other consumer parties filed a motion with the Ohio Commission to show cause why the company should not be found in violation of the USA commitment.

After extensive discovery and an evidentiary hearing that lasted six days the Commission issued its Order which found among other things;

- Ameritech planned to do very little to publicize the USA program. *Id.* at 28.
- Ameritech repeatedly sought to scale back the little publicity it eventually agreed to do
 because it did not want to increase its staffing to accommodate the expected response. Id.
 at 29.
- That Ameritech maintained a complicated enrollment process which required applicants

to be transferred numerous times to enroll. Id.

- Ameritech maintained needlessly burdensome verification requirements. *Id.*
- Ameritech delayed offering reasonable arrearage payment plans. *Id.* at 30.

The Commission concluded;

The record in this proceeding demonstrates that Ameritech did not approach the key aspects of the USA program with an intent of making the program well known and effective. In our view of the record, we believe that Ameritech either "dragged its feet" or structured its approach in a manner that stunted the effectiveness of the USA program. We cannot conclude from such consistent and repeated actions that, overall, Ameritech has met the spirit of its commitment. *Id.* at 28

The Commission then ordered Ameritech to take a number of specific steps to implement the program. Since the Commission issued this Order the company has greatly increased its efforts (see attached progress report of Ameritech, Attachment 4) and just reported that enrollment this year is proceeding four times as fast as last year.

It is only now, after clear requirements related to publicity and enrollment were imposed, that the program is beginning to perform in a way that can contribute to increasing telephone penetration.

The "USA Lifeline Plan" in effect today is for more than the "eligibility, discounts and eligible services" negotiated in November of 1994. The plan in effect today represents the hard-learned lessons of the past five years. If these lessons are ignored, the FCC can be assured that SBC/Ameritech will operate only ineffective programs and that this opportunity to increase telephone penetration will have been squandered.

B. Serving Extremely Low-Income Consumers

Although compliance with very specific requirements like those outlined above will increase telephone subscribership among low-income households, for some extremely low-income individuals (especially the homeless), telephone subscribership will not be an option.

Despite their participation in low-income assistance programs and consequent eligibility for Lifeline services, the homeless and working poor will probably not see the benefits of competition nor be included in a society increasingly dependent on telecommunications services unless the definition of telephone subscribership can be expanded to include access to a "virtual phone." Such access can be obtained with cost-effective use of voicemail.

Voice mail, the next best thing to dial tone, can keep very low income consumers (especially those without permanent residence) connected to the mainstream. Owners of a voicemail box can record a greeting, secure the box with a password, and retrieve messages from any touch-tone phone, 24 hours a day. Such systems provide a temporary communication link for those working to recover economically and regain self-sufficiency and stability.

SBC/Ameritech's Enhanced Lifeline Services proposal should be amended to provide support for programs that render such an option to low-income people otherwise ineligible to benefit from universal service programs.

As an example, Community Voice Mail (CVM) programs (which operate in Ameritech cities Chicago, Detroit, and Houston) are large computer systems hooked up to telephone lines that act like a home answering machine for thousands of phoneless people across a community, giving them a lifeline to potential jobs, homes, and healthcare, as well as a reliable way to stay in touch with loved ones, 24 hours a day. Former users of CVM have said that having a safe message phone is as important as shelter and food.

These voice mail services allow the homeless and phoneless to be contacted by potential employers, stay in contact with medical and social service providers, and protect the whereabouts of domestic violence victims since the location of the phone number cannot be traced to its owner.

CVM is a collaborative effort of social service agencies across a community – and operates in at least 28 cities in the U.S. In 1998 alone, 12,476 people used Community Voice Mail through their participation in 1,174 human service agencies.

Including support for voicemail programs would provide a first-step for homeless people currently eligible but unable to benefit from universal support. It is supported by the FCC's decision, in concurrence with the Joint Board on Universal Service, to "require states that provide intrastate matching funds to base eligibility criteria solely on income or factors directly related to income (such as participation in a low-income assistance program)," cc Docket No. 96-45, Report and Order in the Matter of Federal-State Joint Board on Universal Service as Amended on 6/4/97, at ¶ 373 (emphasis added). Currently, universal support eligibility is based on both income and status of residence. The commitments in this merger should provide homeless persons with the same protections as persons with permanent residences.

To accomplish this SBC/Ameritech should earmark significant funding for community agencies that run voice mail programs for low-income clients.

This support should supply each client with 1) an individually assigned telephone number; 2) the ability to record a personal greeting; 3) a secure private security code to retrieve messages; and 4) access to a toll-free line so clients can access their voice mailboxes at no charge. Support for the agencies providing this service should be calculated at \$2 per active

voice mailbox and a 50% discount on the monthly fees for a toll free line for users to retrieve messages.

The eligibility of a community human service agency to access these funds for a voice mail program could be decided by the state utilities commissions or state human services agencies in the SBC/Ameritech service territory. Adult clients of these agencies should be eligible to receive voice mail services if they do not have a home with a telephone, or do not have a reliable way to get calls or messages. Eligible recipients would be limited to one voice mailbox, and the agencies would be prohibited from charging recipients for the voice mail service.

III. Redlining

The Low Income Coalition appreciates the fact that the SBC/Ameritech proposal recognizes the danger of discriminatory deployment of xDSL and other advanced services in Section VI, ¶20, "xDSL and Advanced Services Deployment." While the general framework of the proposal could provide some assistance in addressing this problem, unless the specifics are modified the proposal will have little impact and could even be used to justify avoiding low income communities.

The problems are as follows:

A) The proposal makes low income communities wait far too long. Under the proposal, SBC/Ameritech can deploy xDSL in twenty urban and twenty rural wire centers in each state before deploying in a single low income wire center. On a company wide basis, 520 wire centers could have xDSL before xDSL is deployed to the first low income wire center. In fact, since it is only after xDSL is deployed to twenty urban and twenty rural wire centers does the ten percent requirement kick in and since there is no requirement that the 10% reach back to

include the first twenty wire centers, SBC/Ameritech may interpret it to mean that the obligation to wire the first low income center doesn't really kick in until the company has wired twenty-nine urban or twenty-nine rural center per state. On a company wide basis that means that 754 wire centers could receive xDSL before the first low income wire center gets xDSL. This does very little to ensure investment equity.

B) The urban wire centers included in the "Low Income Urban Pool" (VI, ¶20,b.) are identified only as those with the "highest proportion of low-income subscribers.....". Since in many central business districts there are few residential subscribers but a high proportion of them are low income, this could allow SBC/Ameritech to get credit under this section for making xDSL available in central business districts. While Edgemont wants to make sure that central business districts receive xDSL it seems likely that many of those areas would receive xDSL even without this commitment.

If this proposal applied in Ohio, for instance, SBC/Ameritech could meet its 10% by extending xDSL to the growing central business districts of Cleveland and Columbus, areas Ameritech is sure to upgrade anyway. This would allow SBC/Ameritech to effectively delay providing xDSL to any low income **primarily residential** urban area in Ohio until it had already provided xDSL to 49 urban wire centers.

Wire centers with a significant concentration of business lines and relatively small numbers of residential lines should not be included in the low income pools. The anti-redlining section of the Ohio SBC/Ameritech merger settlement, which this section resembles in some ways, does not give the company credit for upgrading areas it is already sure to upgrade.

- C) "Low income subscriber" is not defined in the document.
- D) SBC/Ameritech has sole control over the process of determining which wire

centers are included in the urban and rural pools.

- E) Three years is too short. In the absence of any commitment to substantially roll out xDSL in the next three years, this commitment may fail to cover the critical time period for xDSL roll out.
- F) xDSL may or may not become SBC/Ameritech's broadband technology of choice.

 This anti-redling commitment should cover all broadband technologies. It should not be limited to xDSL.

IV. Developing the Market to Bridge the Digital Divide

Finally, this proposal misses a great opportunity to mitigate the "digital divide" throughout the SBC/Ameritech service territory.

In Ohio and California SBC has agreed to fund community technology centers and other projects as a way of helping low income communities get access to computer and telecommunication technology and as a way of developing the market for those services. It is a major disappointment that this proposal to the FCC does not expand those efforts through out the SBC/Ameritech service territory. Certainly low income communities in Nevada need this kind of help as much as communities in California.

Communities in Michigan need it as much as those in Ohio. Attached are the Ohio and California commitments (Attachment 5 & 6). SBC/Ameritech should be required to offer similar commitments to the state commission in each of the SBC/Ameritech states. Those commissions could then determine how to administer such funds in their state.

The need for this type of activity has never been clearer. The NTIA has just published "Falling Through the Net: Defining the Digital Divide" (Attachment 7 is the Introduction,

Executive Summary and a USA Today article about this lengthy report), which documents a growing divide between information haves and have-nots.

The fault line of that divide is income and race. For instance, the report shows that the gap in Internet use between whites and blacks expanded to 20.7 percentage points in 1998 from 13.5 percentage points in 1997.

The experience of the past several years clearly shows that unaided the market is not solving this problem and that providing funds for school and library internet access is important but not sufficient. The most marginalized neighborhoods need neighborhood-based access to this technology. "Falling Through the Net" explicitly supports establishing and supporting community access centers to help ensure that all Americans can access this new technology.

There is already a track record in Ohio and elsewhere of effectively using funds provided by telecommunications companies in the settlement of cases for this work. As part of the 1994 Ameritech alternative regulation settlement Ameritech agreed to fund 14 community computer centers in low income communities in Ohio. The Ohio Community Computing Center Network (OCCCN) was established to administer those funds. The centers are up and running and are a huge success. (See report to the PUCO of OCCCN, Attachment 8.)

If it is true, as the new report from the NTIA says, that the gap between those who use the Internet and those who do not is becoming "one of America's leading civil rights issues," then the FCC should refuse to accept a proposal from SBC/Ameritech unless that proposal makes a substantial contribution to bridging that divide.

V Ohio Customers should not be Denied Benefits

SBC/Ameritech should explicitly assure Ohio residents that the commitments it is making to the FCC will no way weaken conditions already agreed to in Ohio and that, in those

areas where the FCC conditions are stronger or last longer, Ohio residents will receive those benefits.

VI Conclusion

Over the past several years Edgemont, Benton, APAC and CTI have gained a good deal of concrete experience working with telecommunications companies to expand telephone penetration and ensure equitable access to telecommunications infrastructure, technology and training. We would welcome the opportunity to discuss our concerns further and to help the FCC turn what is a promising acknowledgement by SBC/Ameritech of the problems effecting low income communities into real contributions to solving those problems.

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Comments of the Low Income Coalition to SBC/Ameritech Proposed Conditions, was served by regular U.S. mail, postage prepaid, on each party of record, this 19th day of July, 1999.

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UNIVERSAL SERVICE ASSISTANCE (USA) PLAN

- 1. USA Eligibility shall include:
 - * a. HEAP
 - b. Ohio Energy Credit Program
 - * c. AFDC
 - d. Supplemental Security Income Blind and Disabled
 - * e. Supplemental Security Income Aged
 - * f. General Assistance (including Disability Assistance (DA))
 - * g. Medical Assistance (Medicaid), including any state program that might supplant Medicaid but only to the extent persons eligible for any such state program would have qualified under the Medicaid Program as it exists as of September 20, 1994.
- * Addition to the current Telephone Service Assistance (TSA) plan.
- 2. USA eligible services shall include Residence Flat Rate, and Residence Message Rate, Residence Measured Rate and Residence MinuteLine Services ("Non-Flat Rate Services"). Service regulations shall be the same as the current TSA plan except to the extent specifically modified in this Exhibit.
- USA prices shall include:
 - a. \$8.00 discount from standard prices
 - b. Free Touch-Tone Service
 - c. If a customer subscribes to a Non-Flat Rate Service, the access and usage charge shall be capped at the USA access and Flat Rate usage amount for the first six months. During that period, an informational message will appear on the bill during a month when the actual usage would have resulted in charges exceeding the Flat Rate amount. After the first six months, a message will appear on the bill for each Non-Flat Rate Service customer, situated as close to the total local access and usage charges as possible, providing clear notice that if the bill exceeds the USA Flat Rate, the customer may be better off switching by calling a number provided. If a customer

requests to switch to Flat Rate service at any time, any non-recurring charges will be waived.

- 4. Rates for eligible services shall not be increased during the term of the Plan. To the extent that the standard rates are decreased, the \$8.00 discount will be maintained.
- 5. USA Payment Arrangements, Deposits and Miscellaneous Issues
 - a. Reasonable payment arrangement for past due bills will be granted to eligible applicants to allow them to enter the program
 - b. No deposit required
 - c. Free toll restriction
 - d. Free automatic blocking for 900 and 976 calls
 - e. The Company shall offer toll restriction coupled with reasonable payment arrangements in lieu of disconnection to those participants facing disconnection for nonpayment.
- 6. The Service Connection Assistance (SCA) Program shall be incorporated into USA, and all customers eligible for USA shall not be charged a connection charge and shall receive any other benefits of SCA.
- 7. USA shall continue during the duration of this Alternative Regulation Plan, whether or not the legislature renews its TSA or SCA program. At the time the renewal of TSA and SCA are considered, the Company and the Stipulating Parties, not including Staff, shall support renewal.
- 8. An advisory committee shall be established which is comprised of Company, consumer and low income representatives, including the signatory parties to this Stipulation and the Staff in an advisory capacity. This committee shall provide advice to the Company on issues such as the development of pre and post-shut off payment arrangements, promotional, educational and training programs related to USA, payment arrangement availability for customers for whom telephone service relates to a medical problem, adequate notice to Non-Flat Rate customers as to the availability of Flat Rate and whether the customer may be better off switching, enrollment procedures, and a benchmark for evaluating the success of USA and its enrollment. The committee shall also evaluate the

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success of the USA program and the number of eligible customers that participate. The Committee will provide an evaluation of the Company's progress in meeting its commitment to implement this USA program, and such evaluation shall be submitted to the Commission as part of the Company's report on the progress of its commitment to implement this USA program.